Chapter 18
The Dark Side

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Introduction

The third sector has been remarkably successful in recent years in positioning itself as an unalloyed force for good.[1] However, just as governments and business should be publicly accountable, so too should third sector organizations, especially as the sector grows in economic and political strength (Taylor 2004), and is increasingly represented at the top tables of elite decision-making forums, from informal clubs like the Davos World Business Forum to global governance arenas like the United Nations and the World Bank.

The sector has by no means always had its current overwhelmingly positive image. Indeed the modern welfare state was constructed at least in part as a conscious effort to ensure that those in need would not be subject to the capricious and judgemental approaches of many of the private, and particularly religious, distributors of charity in the pre-welfare state era (Kenny 2002). In contrast with the sector's current claims to represent a force for democratic social change, Gramsci (1971) characterized civil society as a key intermediary in assuring the preservation of the existing hegemonic order. The question arises whether, notwithstanding its liberal use of terms like participation and empowerment, the sector continues to serve as implementing vehicle of Northern business and government interests (Manji and O'Coill 2002).

Third sector leaders regularly make substantial claims about the sector's normative superiority in comparison with government, private business, and even "traditional" democratic institutions. Kumi Naidoo, perhaps the sector's most prominent leader on the global governance circuit, has described the rise of an organized civil society sector as follows: "A global phenomenon in which

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[1] I will use the terms third sector organizations, civil society organizations, and NGOs somewhat interchangeably, for the sake of simplicity, although I understand these categories are not necessarily synonymous.

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citizen-inspired associations have spread through millions of villages and communities leaving more democratic forms of governance and improved social and economic welfare in their wake" (Naidoo 2003). In this statement Naidoo is making three claims. The first is that the third sector, the "citizen-inspired associations" of which he writes, represents a fundamentally different form of human organization from government and private business. The second claim is that the sector reflects and promotes "more democratic forms of governance." The third claim is that the third sector's impact is to create a more equitable world with "improved social and economic welfare."

In this chapter it is argued that these claims, which appear quite representative of the self-perceptions of third sector leaders, substantially exaggerate the extent to which third sector organizations are different from their private sector and government cousins. This chapter responds to these claims by looking at three case studies of larger third sector organizations in action. These address the government and business ties of large environmental conservation organizations, the moulding of a global anti-poverty agenda into a vehicle for restructuring the post-colonial state, and the framing of anti-corruption action excluding broader normative questions surrounding neoliberal globalization. These cases reveal that (a) the third sector does not always act autonomously from business and government (Hindess 2008); (b) NGO policies may not be authentically driven by their grassroots constituencies but rather by leadership interests (Chandhoke 2005); (c) NGOs may not be democratic in a meaningful sense (Anderson and Rieff 2005); and (d) they may not consistently support greater economic and social equity (Murphy 2008).

This is not to say that the third sector can never epitomize Naidoo's ideals, but rather that it does not necessarily do so, and that the sector is prone to the same tendencies to elite domination and power concentration as other sectors. The cases will demonstrate a pattern of third sector majors building alliances with government and business to impose neoliberal policy solutions. Through these alliances, the third sector – with its claims to represent a superior, participatory form of democracy – may play a key role in extending the technology of governance (Foucault 1991) and legitimizing elite social domination (Lipschutz 2005).

Case Study One: Elite Partnerships for Managing the Planet's Resources?

Large nature conservation NGOs, of which the World Wildlife Fund for Nature (WWF) is the best known, devote considerable efforts to marketing themselves as effective stewards of the world's flora and fauna. According to WWF, its panda logo, designed by the organization's founder Peter Scott in 1961, has a 77% recognition rate in the United Kingdom.[2] Beneath the cuddly exteriors, however, WWF and a number of other international conservancy NGOs have developed into powerful institutions whose support can not only facilitate preservation of the global

[2] Visit www.wwf.org.uk/filelibrary/pdf/pandalogo.pdf

environment, but also permit its exploitation against the interests and wishes of affected citizens.

The environmental majors were pioneers in the third sector strategy of building ties with government and business. Chapin (2004) notes that WWF for many years fitted the stereotype of the financially struggling, volunteer-driven NGO, with committed activists crowded into rented office space. This changed suddenly when the organization became "extremely large and wealthy in a short period of time" (Chapin 2004, p. 17). From a small office in Switzerland in 1961, by 2000 WWF had over 4,000 staff and programmes in 90 countries. In 2002 the combined expenditures in developing countries of the three largest US-based environmental NGOs alone – WWF-USA, Conservation International (CI), and The Nature Conservancy (TNC) – were nearly $500 million. This was more than the expenditures in the same year of the intergovernmental Global Environmental Facility (GEF) which consolidates the environmental investments of the United Nations, World Bank, and a number of regional development banks (Bray and Anderson 2005). The exponential growth of the environmental NGO majors coincided with their strategy, beginning in the early 1980s, of building working ties and long-term financial relationships with major transnational corporations, bilateral development agencies such as USAID and Britain's Department for International Development (DFID), and transnational governance institutions such as the World Bank.

Conservation NGO collaboration with corporations can take a variety of different forms. One common approach involves programmes that provide sustainability certification for potentially environmentally damaging commodities such as intensive food crops, biofuels, and wood products. WWF, for example, coordinates an international sustainable soy production roundtable that also involves Brazil's Gruppo Maggi, the world's largest private soy producer that has been blamed for 48% of Amazon rainforest deforestation in 2004 (Sonderegger 2007). Palm oil, touted as a key biofuel replacement for gasoline, has a similar industry–NGO partnership. The Roundtable on Sustainable Palm Oil is chaired by an executive from the consumer products major Unilever and vice-chaired by a WWF representative. However, there is substantial scientific evidence that using palm oil as biofuel both contributes to harmful carbon dioxide emissions and deprives developing country citizens of food crops (Reijnders and Huijbregts 2008; Scharlemann and Laurance 2008).

WWF was also a founding member of the Forest Stewardship Council (FSC), a coalition of forest products companies, environmental and conservancy NGOs, and indigenous groups. FSC provides a certification for wood products that they have been produced using sustainable methods. After some initial resistance, FSC successfully brought onboard the major corporate actors in the forestry industry, but critics argue that sustainability criteria still allow harmful forest practices such as monoculture wood production (Lang 2008) and that FSC domination by the major players effectively freezes out small-scale producers and indigenous communities from benefiting from the sustainability certification (Taylor 2005).

The WWF sought to replicate the FSC model with the Marine Stewardship Council (MSC), established in 1996, which would provide a similar sustainable production certification for marine food products. This time, however, WWF, apparently drawing conclusions from its FSC experience, followed a much more closed

process. Whereas FSC is a membership organization with open General Assemblies that allow dissident organizations to put forward critical policy resolutions, MSC was essentially built on an alliance between WWF and (once again) Unilever, a major marine products processor and vendor. MSC is set up on a corporate model, with an appointed rather than elected board of directors (Gale and Haward 2004). Those grassroots organizations representing developing country producer interests and that are seen as having disrupted the smooth working of FSC are explicitly excluded from MSC (Ponte 2008).

Another key strategy of major conservancy NGOs since the 1980s has been the development of Integrated Conservation and Development Programs (ICDPs), in which local (often indigenous) communities supposedly co-manage resources with government and private interests, with the international NGO providing technical support ("animation") for the development of ICDP agreements and processes. Radical critics argue that, in practice, the concerns and needs of indigenous people (in which addressing endemic poverty is usually top priority) are relegated below conservation concerns and even the interests of oil, mining, and logging companies (Whitmore 2006). The political demands of indigenous groups – which above all else usually involve securing land tenure – are kept "off the table" except in rare cases where community leaders are able to seize control of the agenda away from the professional NGO experts (Walker et al. 2007).

The partnership approach of WWF and other conservancy and environmental INGOs has been consistently criticized by more radical environmental groups as well as by indigenous rights organizations who argue that environmental and indigenous peoples' interests are being sacrificed at the altar of such collaborations. It is impossible to prove definitively that the working and financial relationships between the large conservancy NGOs and governments, transnational institutions, and corporations run contrary to the NGOs' founding missions. The WWF strongly rejects such claims, arguing that its corporate and government partnerships benefit both the natural environment and indigenous people (WWF 2005). However, since the WWF and other major environment and conservation NGOs embarked on their partnership approach in the 1980s, critics argue they have become "organisations with annual turnovers in excess of €15 million, hundreds of paid employees, and possessing 'branded' conservation solutions and sophisticated marketing, advocacy and policy departments... [that] . . . look and act increasingly like a morph between trans-national corporations and government development agencies" (Jepson 2005, p. 516).

Case Study Two: International Anti-poverty NGOs and the Global Social Policy Consensus

If the activities of WWF and other major conservancy NGOs have been subject to a fairly consistent and wide-ranging radical critique, development NGOs command

strong public support in most Western countries (Smillie and Helmich 1998) and are rarely publicly criticized in either developed or developing countries.

Many international development NGOs have gradually shifted their focus away from a charitable service focus towards an activist agenda including policy advocacy. Amongst the more vocal and effective policy advocates is Oxfam, which has expanded far beyond its original British roots to become a decentralized, multinational NGO active in at least 70 developing countries. While Oxfam continues to devote most of its resources to charitable and humanitarian initiatives, an increasing proportion of the agency's energies are devoted to networking with other NGOs and development actors (including bilateral and multilateral development agencies), convening organizations to work together on common development concerns, and advocating for specific development policy changes at the national and international levels (Oxfam 2008). Oxfam and other international NGOs (INGOs) are omnipresent at international governmental meetings including the G8 and G20, as well as annual meetings of transnational institutions such as the World Bank and the IMF. Relationships between INGOs and transnational governance institutions are extremely complex. INGOs find themselves criticizing the same institutions upon which they are dependent for funding, while also seeking to develop policy influence. Effective execution of this three-prong strategy requires strong working relationships, while avoiding being co-opted into the agendas of the much larger, wealthier, and more powerful bilateral and transnational institutions, among whom the World Bank is perhaps preeminent.

In this case study, focus falls on a cross-sectoral partnership between the World Bank and INGOs, including Oxfam as a major player, aimed at implementing universal primary education. This is an internationally sanctioned development goal included as one of the United Nations' Millennium Development Goals (MDGs). The MDGs represent a generally accepted set of development objectives and thus participating in joint initiatives to further those goals might seem an obvious strategy. However, the World Bank has long been widely criticized both for acting in a domineering fashion in collaborations and for subordinating development programming to an overall neoliberal agenda that is inimical to development (Murphy 2008). Under the leadership of the Clinton administration appointee James Wolfensohn between 1995 and 2005, the Bank moved away from an exclusive focus on economic restructuring towards a more inclusive approach that included an explicit focus on poverty reduction and ecological sustainability, along with significant outreach to civil society. At the same time, the rationale for Bank actions remained within a neoliberal framework. A business case needed to be made for environmental action (Marschincki and Berle 2005), and poverty reduction action centred on increasing the economic competitiveness of the developing country poor (Cammack 2004).

It is in this context that the Bank forged a partnership with a number of major INGOs including Oxfam, Save the Children, and Action Aid, as well as the international teaching union Education International, in order to pursue the MDG initiative of universal primary education through the Global Campaign for Education (GCE). In many countries, Oxfam has been the driving force behind GCE lobbying campaigns. The principal thrust of GCE is implementation of the Fast Track Initiative

(FTI), a Bank-coordinated programme in which additional Western donor funding is promised to developing countries in return for what the Bank calls “a credible plan” but is in fact a series of predetermined conditions that replicate the Bank’s preoccupation with neoliberal economics (Development Committee 2004; World Bank 2007). Several of these conditions extend far beyond education. For example, countries are expected to restrain overall government spending to between 14% and 18% of GDP – a far smaller proportion than in any Western country. Education-related conditions for FTI participation include the allocation of at least 50% of education expenditures on primary schools and target student–teacher ratios of 40:1 – the World Bank does not believe that higher education expenditure in developing countries is a good use of resources or that teacher–student ratios are a significant factor in education outcomes (Mingat and Tan 1985, 1998).

Despite “Education for All” (EFA), the hiring of teachers is not exempt from the usual World Bank/IMF condition of a public service hiring freeze imposed on countries requiring loans. In fact, the Bank is clear that it wishes to dismantle the teaching profession in developing countries, which it views as “unaffordable,” replacing it with a corps of semi-skilled, underpaid, contractuals (Bruns et al. 2003; Mingat 2002), responsible for rolling out a mass literacy programme of dubious quality. In West Africa, contract teachers hired on temporary contracts with no benefits at salaries of $50–$100 per month, compared with $250 plus for professional teachers. The cost-cutting manoeuvre was criticized from both inside and outside the World Bank. Long before FTI was implemented, the Bank’s Zymelman and DiStefano (1989, p. 49) had warned that proposals to expand education coverage in developing countries through drastically reducing teacher salaries were “simplistic.” UNICEF’s Mehrotra and Buckland (1998, p. 18) noted that “expansion of access has involved strategies which could pose a threat to quality. Where the quality of educational provision has deteriorated seriously, enrolment levels have tended to decline, demonstrating the inextricable relationship between quality and access.”

The programme went ahead despite these concerns about quality, which have been confirmed in practice (Murphy 2005). The Bank’s own evaluation of its programme in Mali found that replacing professional teachers with underpaid contractuals was a fiasco: “The Government of Mali was compelled to recruit contract teachers with little or no pre-service teacher education and struggled, without Bank support, to provide them with short-term courses” (Bender et al. 2007, p. 37). The Government of Niger noted that more than 6,000 schools were headed by contractuals, contrary to programme guidelines, that strikes by contractuals had “drastically reduced the amount of schooling children received,” and that there was an endemic problem of the poorly paid contractual teachers abandoning their posts (Gouvernement du Niger 2007).

The casualization of teaching that has been central to implementation of the programme has been the subject of widespread protests in Southern civil society (Ekwè 2007; Pole Dakar 2009). In Niger, contract teachers, prohibited even from joining a union, went on strike for better conditions (L’Ecuyer 2003). Contract teachers also struck in Senegal and complained to the International Labour Office (ILO) about their treatment (Unesco 2005). The ILO itself has criticized the widespread

imposition of these drastically worsened working conditions on teachers in developing countries, with minimal or no consultation with teachers' organizations (Fyfe 2007; Ratteree 2004).

In 2006, Education International and Action Aid complained belatedly about the situation of casualized developing country teachers, *after* their support for EFA/FTI had helped dismantle the professional teaching corps across the developing world (Education International 2006). Three years earlier, when the EFA/FTI initiative's fundamental reliance on workforce casualization was already set in stone, both organizations as well as Oxfam and others had published a report demanding speeded-up implementation of EFA/FTI, failing once to mention the term "contract teacher" (Global Campaign for Education 2003). In 2007, Oxfam produced a disingenuous report that simultaneously criticized the IMF for restricting the size of the public service in developing countries, while lauding the success of the EFA/FTI initiative as proof that "aid works" (Oxfam 2007).[3]

Oxfam's close working relationships with official development agencies has drawn criticism from within and outside the sector (Manji and O'Coill 2002). In 2005, Britain's left-of-centre *New Statesman* magazine reported concerns of other development NGOs that Oxfam was becoming "far too cosy" with Britain's New Labour government, giving overly generous credit for its development initiatives; "they go out on a limb to endorse the government." An executive from the mainstream NGO Christian Aid said, "A number of organisations wish Oxfam would be more radical and critical of the government" (Quarmby 2005). Barbara Stocking, Oxfam's CEO, responded to the *New Statesman* article by stating that she was "shocked at the injustice," arguing that the article was a "punch in the stomach" to the struggle against poverty, implying that it would endanger "700,000 people who rely on Oxfam to survive" in Darfur and claiming that in daring to criticize Oxfam, the magazine had discredited itself (Stocking 2005). Her response was somewhat surprising given that Oxfam regularly uses much sharper language than Quarmby's in its own attacks on opposing policy positions.

Notwithstanding Stocking's protestations, there is a significant bilateral flow of senior personnel between Oxfam and Britain's Labour government. Shriti Vadera, a 14-year veteran of investment bank UBS Warburg, was trustee at Oxfam from 2000 to 2005 while acting as senior adviser at the Treasury (Sparrow 2009). During this time she was on hiring panels for senior Oxfam staff. In 2007 she was awarded a life peerage and became a junior minister in an international development portfolio. In 2004, Justin Forsyth, Oxfam's policy director, moved to Tony Blair's Prime Minister's Office as an international development advisor, before being promoted by Blair's successor Gordon Brown to a major communications role in Downing Street as press and policy advisor in 2008 (Sweeney 2008). Prior to coming to Oxfam in

[3]The IMF is frequently criticized by NGOs and others for its regressive policies, while criticism of the World Bank tends to be more muted. In fact, the IMF and World Bank, whose headquarters are adjacent to each other in Washington, DC, work together extremely closely and most major development funding requires the approval of both institutions. The "bad cop–good cop" analogy is suitable to explain the relationship of the two organizations.

2001, Stocking had herself headed the Blair government's highly strategic and politically charged National Health Service modernization agenda. In 2008, Brown's government made her a Dame of the British Empire (Russell 2008). Undoubtedly, the close relationship between Oxfam and the government forged through these senior personnel links does permit Oxfam to lobby more effectively within government, but it also reduces the organization's effective autonomy and provides evidence for radical critics' suggestion that third sector organizations may promote a form of social contract polyarchy rather than authentic participatory democracy.

Case Study Three: Fighting Corruption Cautiously

Transparency International (TI) provides another example of the close relationship between INGOs and business, government, and international institutions. In the early 1990s, Peter Eigen, a senior World Bank official, became frustrated by the impact of corruption on World Bank programmes. Eigen agitated for the Bank to take action itself and when he was forbidden from pushing the issue, which Bank orthodoxy considered "political" and thus outside the organization's mandate, he quit and founded TI in 1993 (Polzer 2001). TI recruited leading politicians (including the former presidents of Nigeria and of Costa Rica) as well as senior business people, including the presidents of Coopers & Lybrand and Fairfax Group consulting companies, as members of the advisory board (McKnickle 1993). TI soon started delivering anti-corruption materials and programming, which focused around international corruption perception indices (Transparency International 2008a). From the beginning, TI was an elite-driven NGO.

TI's early years coincided with the arrival at the World Bank of James Wolfensohn, who, as discussed earlier, reoriented the World Bank towards a more populist agenda. Wolfensohn's structural and strategic reform of the Bank included adoption of political (good governance) development objectives. This coincided with the rise within the academic economics establishment of neo-institutionalist economists, among whose most prominent advocates is the Bank's own chief economist from 1997 to 2000, subsequent Nobel Prize winner Joseph Stiglitz. The new thinking in the Bank was that weak institutions lay at the heart of market failure and thus many development problems. Corruption was one of the most obvious and pernicious of these negative institutional factors that would need to be eradicated in order to permit effective markets to operate and development to succeed. The Bank started taking action against blatant corruption, for example, suspending aid to Kenya in 1997 due to a major corruption scandal in that country.

Thus, only a few years after being marginalized by the Bank for his concerns over corruption, Eigen was invited back in the middle of things, helping the Bank to design an anti-corruption strategy which was launched in 1999. Transparency International became a donor darling, receiving large grants from USAID, Britain's DFID, and the World Bank itself, as well as from the plethora of major corporations that sought to associate themselves with the anti-corruption initiatives. The

organization developed rapidly and by 2009 had over 90 national chapters around the world; the headquarters organization alone had revenues of nearly €10 million, and TI participated in countless activities, planning and executing national anti-corruption strategies.

Despite TI's overt success, there has been a consistent chorus of criticism about both the quality and the objectivity of TI's research and advocacy. Radical critics have accused TI of supporting a Western, and specifically US agenda of destabilization of radical governments, particularly in Haiti and Venezuela. In Haiti, TI was accused of exaggerating corruption issues faced by the left-wing president Jean-Bertrand Aristide (Pina 2003), who was subsequently toppled by a US-backed coup (Hallward 2004). In regard to Venezuela, in 2008 TI produced a report on the transparency of 42 major oil- and gas-producing companies; Venezuela's state-owned company ranked lowest (Transparency International 2008b). The data underpinning the ranking proved to be inaccurate; however, TI refused to correct the error (Tucker 2008). The national TI branch is led by a number of staff active in the opposition movement against leftist president Hugo Chavez. Several have direct or indirect links with various organizations involved in the US-backed attempted putsch against Chavez in 2002. Mercedes de Freitas, head of TI's Caracas office, who collected the incorrectly damning information about Venezuela's oil sector, went on record defending the 2002 coup, which was thwarted by a popular uprising of Chavez supporters.

Several studies have revealed links between TI national chapters and right-wing political movements. One researcher found that Italy's TI branch is dominated by supporters of the extreme-right political party Lega Nord and claimed that they had helped to "muffle news" about corruption scandals involving the government of Silvio Berlusconi, of which Lega Nord is a member (deSousa 2005, p. 14). Ecuador's national TI chapter, profiled at TI's first international Annual General Meeting in Quito in 1994, was headed by the country's Vice President Alberto Dahik, a former finance minister and leading Conservative Party politician. Dahik's role in TI caused uproar at the meeting, and the Ecuador branch was dissolved (Lindstrom 2002). The next year, Dahik, who had been a poster child of the global neoliberal establishment for pushing through tough market reforms in Ecuador, fled to Costa Rica after secret bank accounts were found; Ecuador's Supreme Court accused him of embezzlement, and a warrant was issued for his arrest (Handelman 1995).

There are broader critiques of TI. The organization's flagship methodology is the Corruption Perceptions Index (CPI), which is itself based on a number of corruption perception measures developed by third party organizations. Some of these organizations, such as Freedom House, are closely associated with the American intelligence community and various prominent US neoconservatives, casting doubt on the objectivity of their data (Herman and Chomsky 2002, p. 28). Methodologically, the index emphasizes bribe-takers over bribe-payers, thus resulting in a corruption profile that strongly endorses the perspective that corruption is mainly a problem for, and the fault of, the people of developing countries (Andersson and Heywood 2008) – a point of view which has already been shown to

be endemic in traditional development discourse (Escobar 1995). TI's 2007 CPI ratings show a close correlation between "underdevelopment" and "corruption," also corresponding closely with the distribution of wealth and power around the globe (Transparency International 2007). With only a few outliers, the wealthy countries are "clean" and the poor "dirty." Anti-tax haven campaigner John Christenson of Britain's Tax Justice Network criticizes the index for assessing many tax havens as among the world's least corrupt jurisdictions (Campbell 2006).

Transparency's definition of corruption is itself revelatory. In its *Source Book* (Pope 2000, p. 2), which remains TI's definitive handbook for designing anti-corruption programming, corruption is defined narrowly as "behaviour on the part of officials in the public sector, whether politicians or civil servants, in which they improperly and unlawfully enrich themselves, or those close to them, by the misuse of the power entrusted to them." To be fair to TI, it has subsequently extended this definition in practice; it has in recent years paid more attention to the (mainly corporate) givers of bribes, and indeed its 2009 Global Corruption report addresses corruption in the private sector. However, the corruption focus remains constrained both by the organization's blue chip "don't-rock-the-boat" support base and by an assumption that corruption is defined by the illegal passing of bribes, rather than the broader misuse of power (Bukovansky 2006).

There is always a problematic relationship between corruption and neoliberal capitalism, because the market assumes an individualist approach to social relationships that requires regulation; however, regulation is normative and depends on power relationships in a society. TI would only rank activities that were illegal in a particular jurisdiction as corrupt, whereas the same activity might be legal in another jurisdiction, for example, a secretive tax haven, where TI would rate the activity as not corrupt. In times of economic, political, and social stability, the hegemonic order is able to achieve general consent for a narrow definition of corruption such as promoted by TI. However, when the taken-for-granted nature of social and economic relationships comes into question, for example, due to economic crisis, the line between corrupt and non-corrupt behaviour becomes a point of social debate and the socially determined foundation of the concept of corruption becomes apparent. Thus, TI finds itself trailing public opinion and even governments as the scope of defined corruption is expanded.

Similarly, jurisdictions whose economic existence is predicated on the "lawful" but antisocial evasion ("avoidance") of taxes come under scrutiny at times of crisis as consensus evaporates on definitions of a legitimate hegemonic order. In the global economic crisis beginning in 2007, tax havens have been clearly indicted as primary locales for the manoeuvres in which international bankers engaged in order to construct fantastically complex and systemically dangerous financial instruments from which they pocketed enormous fees, also typically realized in these "offshore financial centres" (Lim 2008). TI has never called for the closing down of tax havens.

Brown and Cloke (2007, p. 318) argue that corruption and near-corruption are fundamental to the normal workings of the capitalist system: "the grey/black economy is neither an aberration, nor the fault of a few rotten apples, but has a

considerable historical background, is mainstream, and a fundamentally important motor within the European financial system." Black (2009), a US regulator during the 1980s Savings and Loans (S&L) crisis, points out that the fundamental cause of the 2007–2009 sub-prime crisis is the same as in the S&L debacle: the making of bad loans and derivative instruments on those loans, whose primary purpose is to generate fees for financial managers, what he calls "control fraud." Black indicts the US administration for failing to identify the emerging pattern of fraud, stop these activities, and take action against its perpetrators. A similar indictment could be laid against Transparency International, whose comprehensive website, as of mid-2009, managed only a single reference to the sub-prime crisis in a German-language press release of 30 October 2008, long after the crisis had wreaked economic havoc.[4]

TI's failure to define financial legerdemain as corruption or to campaign for such antisocial behaviour to be outlawed raises real doubts about whether it can properly be described as an autonomous civil society organization, rather than a quasi-state rule-maker (Dahl 2007; Hindess 2005). By placing a narrow range of corrupt actions outside the bounds of acceptability, TI effectively authorizes those activities that are not categorized as corrupt. Hindess (2008, p. 270) puts it more sharply: the "international anti-corruption movement, of which TI is a prominent member, should be seen as a stalking horse for the neo-liberal reform of non-Western states."

Discussion and Conclusion

The three examples explored in this chapter involve different policy domains. However, the case findings show several common characteristics. In all three cases, policy directions were clearly driven from Northern country headquarters. There was minimal if any consultation with grassroots, developing country citizens, the people in whose interests all three of the INGOs claim to speak. Many of the policy initiatives being promoted were contrary to the interests of substantial constituencies in developing countries.

WWF's sustainability certification initiatives have consistently marginalized small-scale producers in favour of large, Northern multinationals; the trend in its multi-stakeholder sustainability initiatives seems to be towards less, rather than more involvement of impacted indigenous communities. The impact of the universal primary education campaign on the teachers' profession in developing countries has been catastrophic, but Oxfam insists its work on this project shows that "aid works." Transparency International's anti-corruption agenda has been shown to be particularly questionable. Its critique of corruption singles out Southern countries, downplaying the role of Western-based multinational corporations in fostering corruption. Meanwhile, TI ignored overwhelming evidence of unethical – but possible technically legal – business practices in the United States and other Northern

[4] Visit www.transparency.org/news_room/latest_news/press_releases_nc/2008/2008_10_30_germany_financial

countries that led directly to the global economic crisis. This crisis, which was widely predicted and was founded on blatantly unethical behaviour (Crotty 2009), is causing misery for citizens in developed and developing countries alike.

In democratic society, organizations, third sector or otherwise, should be perfectly entitled to promote social, political, and economic agendas as they see fit. However, the peculiar feature of much contemporary third sector discourse is the claim of a privileged voice based on a combination of normative superiority and inherent representation of the interests of their chosen constituencies. While the former claim – demonstrated above in Oxfam's response to criticism – is perhaps an inevitable outcome of single-minded commitment to a legitimate cause, it is the latter claim that can have widespread and potentially devastating consequences for the developing country poor.

The belief in the superior legitimacy of the third sector over developing country states has become a taken-for-granted assumption within many Northern INGOs, justifying the examples documented in this chapter of policies imposed on developing country citizens by multi-sector partnerships. Thus, Anne Hudock, a prominent US-based third sector theorist, supports the "impetus" the World Bank provides "for governments to support a more enabling environment for NGO work" (Hudock 1999, p. 49) and proposes NGOs as an alternative to "failed" developing country governments: "NGOs are uniquely positioned to facilitate the development of a global civil society in which state behaviour becomes less central to collective choice. Most bilateral donors have realized that their development assistance has in some cases been thwarted by an inefficient and corrupt state, one which was overly involved in its economy" (ibid, p. 58).

Anne-Marie Goetz, another social movement theorist, writes, "there is increasing recognition of the 'comparative advantage' exercised by NGOs over state bureaucracies in delivering development resources to the poor" (O'Brien et al. 2000, p. 28). Marc Williams, an environmental activist, supports NGO campaigns to impose environmental standards in development and trade even when, "in opposition to the interests of Third World governments," which can be justifiable because "it is a moot point whether the governments are truly representative of their peoples" (O'Brien et al. 2000, p. 157). Naidoo (2003) explicitly prefers the participatory techniques of the third sector over traditional democracy of which he notes "the meaningful interface between citizens and the elected is minimal between election periods" and that citizens are turning "away from traditional engagement in favour of new forms of participation." Consistent with these claims, there are increasingly widespread and explicit calls for a global governance system to be established on the basis of tripartite, expert-driven committees including NGO, private sector, and government representatives (Benner et al. 2004; Rischard 2002; Slaughter 2004).

Despite these assertions about the superior representativity of the third sector, in the cases discussed in this chapter, third sector organizations' partnerships with business and the state were centrally driven and frequently seem to run roughshod over the very constituents that the sector claims to represent. These findings coincide with Chandhoke's (2005, p. 362) assertion that "INGOs hardly ever come face to face with the people whose interests and problems they represent." They also

align with critical development management theorists who argue that participatory discourse in development often represents a "new tyranny" in which aid recipients are called upon to enact a ceremonial endorsement of predetermined development strategies (Cooke and Kothari 2001).

As underlined at the beginning of the chapter, the aim is not to dismiss the third sector or denigrate the work that it does. Rather, it has been to deflate some of the more exaggerated propositions of some in the sector about its inherent rectitude. Third sector organizations' claims about their representativity, the value of their programmes, and the correctness of their policy positions should not be accepted ipso facto, but judged on their merits, acknowledging the extraordinary diversity of the third sector and its state of constant flux (Munck 2007). The third sector organization is prone to elite capture as is any form of human organization. Thus, it should not be surprising that large, internationally institutionalized NGOs might play a similar role in embedding and normalizing a hegemonic order to that of the church in Gramsci's writings. At the same time, as Gramsci (1971) also underlined, non-state, non-business organizations can be irreplaceable drivers of social change. This will only occur, however, when third sector organizations are driven from below and rigorously self-critical.

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